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UNCLAS SECTION 01 OF 02 HARARE 000130

SIPDIS

NSC FOR SENIOR AFRICA DIRECTOR JFRAZER
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E.O. 12958: N/A

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SUBJECT: NATIONAL RAILWAYS OF ZIMBABWE ON THE DECLINE

Ref: Harare 79

1. Summary: The National Railways of Zimbabwe (NRZ), a critical artery for this landlocked country, is one of the unnoticed victims of Zimbabwe's economic decline. Reliable sources at the NRZ, one of the many parastatals recording consistent losses over the past 18 years, confirm that capacity utilization of the rail network has declined by 40 percent due to numerous economic factors, including lack of investment, poor management and under-capitalization. The NRZ has also redirected resources for urban commuters, a public relations ploy of questionable value. End summary.

Rail Corridors Vital to Entire Region

2. NRZ provides a stark example of Zimbabwe's crumbling infrastructure; most of the rail tracks have not been rehabilitated in the past 20 years. The Zimbabwe Government sees the NRZ as a strategic asset and is reluctant to concede authority to private control despite a SADC policy recommendation that the rail tracks need rehabilitation, an impossible upgrade without private sector capital. The NRZ is also a vital link for the regional transit traffic for countries such as Zambia and the Democratic Republic of Congo (DRC). Like all other regional railways, NRZ is facing stiff competition from road transport, which can offer competitive advantages in terms of freight rates, road reliability and delivery times. Depending on the type of freight, volume and value, road transport can sometimes actually be cheaper.

3. NRZ operations, not normally under the spotlight, are becoming increasingly important due to the central role of rail transport in cross-border movement of humanitarian relief grain along the SADC transport corridors. The constraints of the rail system are consistently cited as one bottleneck in the relief food pipeline. Problems at NRZ have so far escaped public scrutiny due to the many competing social, economic and political problems currently facing the country.

4. During the SADC/WFP transport and logistics meeting in Harare in September 2002, the General Manager of Corneider de Mocambique, a company holding a 25 year concession for the container terminal and general cargo berths of the port of Beira, expressed concern at the number of NRZ cars (about 211 wagons) sitting idle at the port due to lack of motive power. Beira is supposed to be Zimbabwe's preferred port due its short distance - 600km from the capital, compared to the South African ports of Cape-town and Durban. However, while cars sit idle in Mozambique, products vital to Zimbabwe - such as coal, necessary for running the country's power stations - remain stranded without transport (reftel).

Lack of Forex Strangling Capital Improvements

5. NRZ is suffering along with the rest of the country due to the strangling economy. The withdrawal of World Bank loans, along with the widespread lack of forex, mean that the organization is failing to procure important spare parts for its aging locomotives, as well as failing to service important signaling equipment which is being vandalized and stolen.

Attempts to "Move" the Voters

6. The introduction of "freedom trains," a political gimmick developed during the presidential election campaign in order to woo urban voters to support the ruling party, has compounded NRZ problems. "Freedom trains" have been trumpeted as a cost-effective alternative to the omnipresent commuter omnibuses; in fact, given the current fuel crisis, commuters are flocking to the trains as one of the few alternatives for passenger transport. Some locomotives are being diverted to pick up passengers from various urban high-density suburbs at less than cost-effective fares, instead of concentrating on moving cargo. The end result is that

nobody wins. Commercial enterprises - including mines and industry - suffer because capacity is diverted to passengers. The trains, not designed for urban commuting service, have not appreciably reduced transport problems for most urban workers because service is limited to only eight of about twenty two high-density commuter suburbs in Harare and Bulawayo. In addition, although many desperate commuters would adjust their schedules to take advantage of the "freedom trains," sporadic timetables and massive overcrowding make them an alternative of questionable value.

Comment

16. The crumbling of a once-viable rail network is a symptom of the general decline of the country. Though no particular attention is being paid to NRZ, it might prove to be one of the worst failures of the current regime. If the GOZ continues with its current policies, chances are very high that the NRZ might be forced to cease operations due to the lack of equipment and capital to keep it running - thus affecting movement of goods in the entire region as well as in Zimbabwe.

Sullivan